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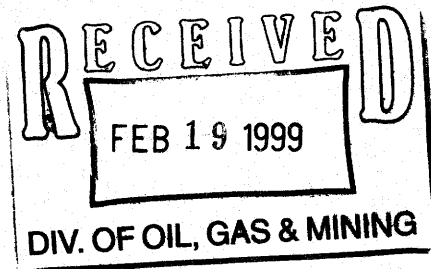
State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

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February 18, 1999

Mr. David Spillman
Canyon Fuel Company
Soldier Canyon/Dugout Canyon Mines
P.O. Box 1029
Wellington, UT 84542

RE: Dugout Canyon Mine Permit Modification to Allow Longwall Mining, Reply

Dear Mr. Spillman,

Thank you for your prompt response to my letter of February 10, 1999, in which I raised several questions regarding coal recovery from trust lands under the proposed longwall mining plan for the Dugout Canyon mine.

Your letter of February 16, 1999, and our subsequent discussion have satisfactorily addressed my questions and concerns. The Trust Lands Administration fully supports the longwall mining permit modification proposed by Canyon Fuel Company for the Dugout Canyon Mine.

I am hopeful that DOGM may approve the permit modification very soon in order to facilitate the timely development of recoverable coal resources upon trust lands within the mine.

Sincerely,

John T. Blake
Mineral Resources Specialist

cc: Joe Helfrich